MADRAS LEGISLATIVE COUNCIL PROCEEDINGS
1929

VOL. XLVII

MADRAS

1929

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The hon. Mr. M. R. SETURATNAM AYYAR :—"There are four post graduate courses and if any is qualified to go that person will be appointed."

Dr. B. S. MALLAYYA :—"Do the Government propose to convert some into Muhammadans? (Laughter)."

The hon. Mr. M. R. SETURATNAM AYYAR :—"It is not for me to do that, Sir. (Laughter)."

UNSTARRED QUESTIONS

Forests

Extent and utility of the Konal-ar Grassy Hills, Anamalais.

1511 *Q*.—Rao Sahib R. SRINIVASAN : Will the hon. the Law Member be pleased to state—

(*a*) the approximate extent in square miles of the Konal-ar Grassy Hills, Anamalais, shown in the plate No. 4 in the Administration Report of the Forest Department of the Madras Presidency for the year ending 31st March 1927;

(*b*) whether it is suitable for breeding of live-stock ; and

(*c*) what other use the Government propose to make of these hills?

A.—(*a*) There are about 20 square miles of grassy hills on the Anamalais.

(*b*) No.

(*c*) The whole area is reserved forest.

Industries

Industrial survey of the Presidency.

1512 *Q*.—Mr. K. KOTI REDDI : Will the hon. the Minister for Development be pleased to state whether there is any proposal to institute any industrial survey of the Presidency?

A.—No.

II

PRESENTATION OF THE BUDGET FOR THE YEAR 1929-30.

The Hon. Mr. T. E. MOIR.—"It now falls to me to place before the Legislative Council the Budget Estimates for the financial year 1929–1930 and, as a customary and necessary preamble to enable our financial position to be clearly understood, I propose first to review the transactions of the year 1927–1928, for which the final figures are now available, and then to examine the transactions of the current year so far as known to us and the financial position in which on present anticipations we shall find ourselves at its close. These anticipations are based on the figures for nine months supplied by the Accountant-General, and corrected with reference to such known factors as may affect inferences based upon them as to the course of transactions in the last three months of the year. It will then be

possible to explain in detail our estimate of the resources which will be at our disposal in the year 1929-1930, the demands which existing commitments will make upon those resources, and the further demands which will arise out of proposals for the expansion of existing activities and new developments in various departments which have been incorporated in the budget. Further details and explanations will be found in the Budget Memorandum for which as usual we are indebted to the industry and personal supervision of the Financial Secretary. Perhaps I might here call attention to the illustrative diagrams, a new feature by which he has endeavoured to give graphic representation to some of the main features of the memorandum.

REVENUE ACCOUNT.

Accounts of the year 1927-1928.

Revenue.

"2. The year 1927-1928, opened with a balance of Rs. 199·97 lakhs and the total revenue amounted to Rs. 1,756·96 lakhs. I may here explain that in the presentation of these figures the working expenses of Irrigation and other works for which Capital and Revenue accounts are kept are shown as expenditure instead of as a deduction from receipts—a procedure which unnecessarily obscured both revenue and expenditure. The revenue exceeded our anticipations by Rs. 48·43 lakhs, of which approximately Rs. 36 lakhs was derived from Excise (Hear, hear) due to higher bids at auction sales and the enhancement of the rates of tree-tax with effect from the 1st October 1927. A voice: Tainted money. An increase of Rs. 4 lakhs under Industries was due principally to the pearl fisheries and to an account adjustment under Cinchona. The Forest department showed an improvement of over Rs. 2½ lakhs due to better prices realized from sandalwood. Stamps Rs. 1½ lakhs indicated an increase in transactions and an increase of over Rs. 1½ lakhs in Interest receipts was due mainly to the fact that we were able to place considerable balances on deposit with the Government of India.

Expenditure.

"3. Expenditure charged to revenue amounted to Rs. 1,555·28 lakhs or Rs. 59·98 lakhs below the budget estimate. Supplementary grants and other appropriations amounted to Rs. 39·35 lakhs and the expenditure therefore fell short of the total appropriations by Rupees 99·33 lakhs. (Hear, hear). Civil Works accounted for no less than Rs. 41·67 lakhs; the inability of local bodies to utilize the grants provided for nearly Rs. 14 lakhs while progress in expenditure on important works was equally disappointing. Delay in the preparation

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of plans and estimates, slow progress on works under execution, and failure to anticipate establishment requirements were contributory causes. Similar causes accounted for a short expenditure of Rs. 13·39 lakhs under Irrigation. The decrease under Land Revenue and General Administration amounted to Rs. 10·40 lakhs, the principal items being pay of establishments Rs. 4·85 lakhs, leave salaries and deputation pay about Rs. 2 lakhs. Under Public Health there was failure to utilize Rs. 14·32 lakhs (Hear, hear) mainly under grants for water-supply. Eight lakhs was provided for the Madras Corporation, but could not be spent, and out of the supplementary grant voted in November 1927 for rural water-supply no less than Rs. 3·63 lakhs lapsed. (Hear, hear.) Medical accounted for a saving of five lakhs partly under salaries owing to short recruitment and partly under maintenance and building grants to local bodies and private institutions. (Hear, hear.) Under Education the lapse of building grants to the Madras and Andhra Universities and to aided colleges and secondary schools, for which the department was not responsible, and departmental savings led to a short expenditure of Rs. 6½ lakhs. It cannot be contended that these figures throw a favourable light on departmental budgeting (Hear, hear), but further comment may be deferred till the figures of the current year come under consideration.

Revised Estimate for 1928–1929

Revenue

"4. Turning now to the revenue figures of the current year, the opening balance as a result of these variations was Rs. 400·59 lakhs as compared with the Rs. 312·58 lakhs anticipated when the budget was framed. We now anticipate a total revenue of Rs. 1,807·47 lakhs or Rs. 52·07 lakhs in excess of the budget estimate. This improvement is mainly due to Excise (Hear, hear), Rs. 33·29 lakhs, and is due partly to increased consumption (Hear, hear) and partly to higher bids at auction sales. (Hear, hear.) The Forest department shows a welcome improvement of Rs. 8·46 lakhs as sandalwood continues to command good prices, firewood, bamboos and minor produce have been in good demand and profits from the Russellkonda Saw Mill were adjusted in the current year, while recoveries of indirect charges from commercial undertakings have been adjusted for two years. Civil works receipts show an increase of Rs. 3·08 lakhs, but this is mainly due to the fact that toll receipts on roads in the Agency tracts which have been transferred to Government for maintenance are now credited to Government. The corresponding liability, of course, is much in excess of these receipts. An increase of Rs. ·60 lakh under Stamps shows a slight advance in commercial transactions. (Hear hear.) An increase of Rs. 2 lakhs

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under Industries is due to the pearl fisheries and to profits earned in 1927–1928 under Cinchona and the Industrial Engineering Workshop having been adjusted in the current year; while the development of motor traffic is evidenced by an increase under miscellaneous receipts accruing from fees for inspection of motor buses and for the issue of 'G' permits. A small decrease of Rs. ·79 lakh under Land Revenue is the net result of a decrease in collection due to a smaller opening balance of which reduction in recoveries of arrears is a corollary, to a decrease under miscellaneous revenue, to increased remissions being anticipated in certain districts and to the postponement of collections in Bellary and a decrease in the provision of Rs. 6 lakhs for adjustments of land revenue and local cesses.

Expenditure.

11-45 "5. Under Expenditure heads the revised estimate shows a decrease of Rs. 45·48 lakhs on the budget estimate in spite of the fact that provision is made for the special statutory grant of Rs. 27 lakhs towards the Endowment Fund of the Annamalai University and for Rs. 6·72 lakhs being the net payments on account of commuted value of pensions. If these sums are excluded, the revised estimate of expenditure is Rs. 1,684·50 lakhs or Rs. 79·20 lakhs less than the budget estimate. A reduction of Rs. 3·61 lakhs is due to the fact that under revised Schedule IV to the Devolution Rules the annual assignment to the Famine Relief Fund is now fixed at three lakhs instead of Rs. 6·61 lakhs, but even so the short expenditure amounts to approximately Rs. 76 lakhs, of which public works of all kinds, roads, buildings, irrigation works, water-supply and drainage schemes account for approximately Rs. 52 lakhs. This, of course, includes works of all kinds for Government purposes including irrigation works and works for which Government provided grants, whether they are constructed by Government agency or not. It is true that cases of lapse occur for which neither the administrative department nor the Public Works Department can be held responsible; for example, grants to Andhra University buildings Rs. 1·00 lakh and research laboratories for the Madras University Rs. ·40 lakh have lapsed, the managements concerned failed to take up building grants for medical institutions amounting to half a lakh; and in the case of grants for water-supply and drainage schemes it is not always possible to distribute the responsibility for delays between the local bodies concerned and the department charged with construction. But delays in preparing detailed plans and estimates bulk largely even in these cases and it may fairly be stated that in respect of a short expenditure of something like Rs. 40 lakhs delays for which the responsibility rests with the Public Works department have been the main contributing factor.

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Now it is not to indifference or neglect that this result can fairly be attributed. Nor do I flatter myself that it is due to a desire to place a harassed Finance Member in funds from which he may meet the clamourous demands of other departments. As a matter of fact, the lapse largely occurs in respect of buildings for the construction of which these other departments have pressed in their own interests: and I would call attention to the following figures:—

"The total budget provision in 1920–1921 under Irrigation and Civil Works amounted to Rs. 118·56 lakhs; the provision in the budget for the current year was no less than Rs. 236·53 lakhs and to this is to be added a provision of Rs. 100·29 lakhs for the Mettur Project.

"Experience has shown clearly that the normal expenditure which a Public Works establishment of a certain strength can organize and supervise can be increased only within certain narrow limits: and over-optimistic anticipations beyond these limits are eventually corrected by lapses and surrenders. Something has been done to make establishments more adequate to the demands made upon them but it must also be remembered that apart from construction we are employing more establishment now on the investigation of various projects which, while they do not immediately increase works expenditure, make heavy demands on our staff. But here arises another difficulty with which we have to cope. Mere numbers do not form the only factor to be taken into account. Experience is also important: and it cannot be expected that young officers with comparatively limited experience will when promoted as Executive Engineers or Assistant Engineers be able to shoulder the same burden of work as senior men of wider knowledge and ripe experience. The fact too that the expansion of Government programmes has coincided with a period of great activity in railway construction and other large undertakings or investigations, such as the Cochin Harbour and Hydro-Electric developments, has rendered it at times difficult to secure the services of a sufficient number of trained subordinates and draughtsmen. But although these factors partly explain, they do not compensate for the delays in carrying into execution much needed schemes, for to the administrative difficulties which are felt when an inordinately large number of schemes is under execution is added the financial difficulty of watching and calculating the commitments to which this gives rise. These are matters to which the earnest attention of those concerned has been drawn.

"The balance of the short expenditure of Rs. 24 lakhs distributed over departments whose total budget provision amounted to Rs. 1,427 lakhs occurs mainly under the pay of officers and

establishments and some other items which could not be anticipated. For example, the Russellkonda saw-mill returned a small profit instead of an anticipated loss of about Rs. ¾ of a lakh and a provision of Rs. 1·26 lakhs for the purchase of a three-ply plant will lapse as payment will not be made till next year. A provision of Rs. ·85 lakh, the usual initial grants under various heads for the in-coming Governor, will not now be required till next year. (Mr. Satyamurti: 'Oh!') A saving of over half a lakh occurred under road and diet money to prosecutors and witnesses. As a net result of these variations, it is anticipated that the closing balance, after deducting Rs. 4·80 lakhs utilized for capital expenditure, will be Rs. 485·04 lakhs which will be carried forward as the opening balance for 1929-1930.

Budget Estimate for 1929-1930.

Revenue.

"6. From this vantage point we may now consider our anticipations of revenue in the coming year and the manner in which we propose to utilize them for the public services. Our estimates are based as usual on the expectation that the agricultural season will prove normal and that apart from those minor vicissitudes which are manifested even in a satisfactory year nothing will occur seriously to affect our revenue. To one aspect of this question I shall refer later. But until meteorological forecasts assume a more detailed character this broad assumption cannot be replaced by more intelligent anticipations. Our revenue is calculated to amount to Rs. 1,807·09 lakhs, practically the same as the revised estimate for the current year. Under the main heads of revenue Land Revenue receipts are estimated at Rs. 753·92 lakhs, Rs. ·52 lakh more than the revised estimate for the current year, or somewhat less than the amount collected in 1926-1927. The figures under Land Revenue have been practically stationary since 1926-1927, and this is largely due to the fact that outstandings have now been reduced to normal proportions and recoveries under that head have been steadily diminishing. Excise revenue is put at Rs. 553·80 lakhs or nearly Rs. 3½ lakhs less than the revised estimate for 1928-1929 as some reduction of consumption of distillery spirits is anticipated. (Hear, hear.) The normal growth of Stamp revenue will give us Rs. 256·33 lakhs or about Rs. 2½ lakhs more than the revised estimate for this year, and an increase of Rs. ¾ of a lakh in a receipt of Rs. 7·27 lakhs from Income-tax under Devolution Rule 15 may be in part due to greater administrative efficiency, but possibly like the slow but steady improvement under Stamps indicates that business generally has been slightly more brisk. Forest revenue will show a reduction from Rs. 60·88 lakhs to

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Rs. 58·95 lakhs: sandalwood is not expected to produce so much and the receipts for the current year are swollen by the fact that recoveries of indirect charges from commercial undertakings for two years have been brought to book in the revised estimate. Registration, approximately Rs. 36½ lakhs, will show an increase of about Rs. 2 lakhs, but this is only in part due to increased transactions (·80 lakh) the balance resulting from a change in classification, fees for the return of registered documents being treated as receipts instead of being taken in abatement of charges.

EXPENDITURE.

"7. Turning now to our proposals for expenditure. As the Council are aware, in framing our estimates we first take into account the expenditure necessary to meet all commitments against existing establishments, additional expenditure required to bring to completion or advance to a further stage schemes of departmental development already sanctioned by the Council in connexion with the budgets of the current and previous years and the amount required for the further progress or completion in the coming year of all civil works under construction. It is only then that it is possible to determine what new commitments arising out of departmental proposals can be undertaken. The amount that will be required under these heads is approximately Rs. 1,726·10 lakhs; that is to say, existing commitments apart from any addition to our administrative machinery would demand the expenditure of this sum. It is of course far from being the case that departments are content to rest upon their oars and no less than 580 proposals, large and small, involving additional expenditure either on the normal growth of departmental activities or new reorganization schemes or new departures and undertakings were placed before the Finance Committee. These schemes involved an ultimate cost of Rs. 46·82 lakhs recurring and Rs. 170·42 lakhs non-recurring. The schemes actually incorporated in the budget are shown in the Secretary's memorandum. The ultimate cost of these schemes is

Rs. 46·66 lakhs recurring and
Rs. 165·55 lakhs non-recurring

and the amount required in the coming year is

Rs. 31·11 lakhs recurring and
Rs. 86·04 lakhs non-recurring.

"It is, of course, impossible on this occasion to draw attention to more than a few of the more important of these schemes.

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NEW SCHEMES.

"8. The proposals in the EXCISE department are mainly directed to strengthening it for the detection and prevention of crime and a further step towards the introduction of more modern methods of administration in the Vizagapatam agency, necessitates considerable expenditure to enable the central distillery system to be introduced there. Another item, the provision of establishment for the suppression of 'Sonti Soru' crime in Madras City, indicates how complex the problem of control is becoming and possibly indicates that the policy of concentrating facilities for licit supply in a small number of centres has its drawbacks in new illicit practices to which it gives rise.

"Under schemes for timber extraction in the FOREST department a non-recurring expenditure of Rs. 3·73 lakhs is expected to produce a total return of Rs. 6·71 lakhs, of which Rs. 3·94 lakhs will accrue in 1929–1930.

"Under GENERAL ADMINISTRATION, it is proposed in the interests of an over-weighted administration to bifurcate the Tiruvannamalai taluk in the North Arcot district, to restore Siruguppa taluk in the Bellary district and the Deputy Tahsildar's office, Virudunagar, in the Ramnad district. As a corollary, Sub-Magistrate's offices will be formed at Chengam and Siruguppa.

"Under MEDICAL the Pathological department in the Madras Medical College and the Pharmacological department at Madras and Vizagapatam are strengthened. Increased provision is made for the treatment of venereal diseases, the nurses' quarters in Government hospitals are to be properly furnished, the organization of the King George's hospital at Vizagapatam is further advanced, twelve medical institutions under local bodies are to be transferred to Government, ten for development as divisional centres. The School of Indian Medicine is to be further improved (Mr. Abdul Hameed Khan: Hear, hear), the Mental hospital in Madras is to be properly drained, and a provision of Rs. 85,000 is made for the construction of wards for chronic and hopeless cases in certain district headquarter hospitals and a large number of extensions or improvements to other medical institutions are to be carried out. An increase in the rate of subsidies for rural dispensaries will involve an additional recurring expenditure of about Rs. 1·37 lakhs per annum.

12 noon. "Under PUBLIC HEALTH the number of Health Officers is to be increased and the field staff improved, about Rs. 5 lakhs is provided as grants to local bodies for water-supply and drainage schemes with a total commitment of Rs. 14½ lakhs, and Rs. 5½ lakhs are provided as grants for rural water-supply. A provision of Rs. 4 lakhs for the encouragement and development of temperance propaganda (Hear, hear) also finds place under this department.

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"Under VETERINARY new veterinary dispensaries are to be opened, three more touring assistant surgeons to be employed, and the Director's office is to be strengthened. Even more important is the provision made for five new circles to enable the campaign against rinderpest by the serum simultaneous method to be intensified.

"Under CIVIL WORKS, grants-in-aid to local bodies amount to over Rs. 22 lakhs with a total liability of Rs. 26¼ lakhs; Rs 9 lakhs is provided for the improvement of village roads and communications and Rs. 12 lakhs as grants to local bodies for roads and bridges. Rs. 97,000 are provided for much-needed roads to open up a valuable tract in the Palni Hills.

"Under INDUSTRIES the most important schemes are the establishment of industrial schools at Mangalore, Calicut and Bellary (hear, hear) for which the buildings and equipment will eventually cost Rs. 1·22 lakhs, while the recurring charges will amount to Rs. 1·11 lakhs.

"Under FISHERIES improvements and alterations to the trawler will cost Rs. ¾ of a lakh. Provision is made for the usual expansion of activities of the LABOUR department in existing districts and their extension to three new districts hitherto untouched.

"Under EDUCATION the office of the Director of Public Instruction will be reorganized with special reference to the needs of elementary education, and the pay of the Subordinate Educational Service will be revised. (Hear, hear.) Two lakhs are provided as a grant to the Madras University for the construction of Library buildings, subsidies for the opening of new elementary schools for boys and girls and Muhammadans (hear, hear) entail an ultimate recurring liability of 4 lakhs. A provision of Rs. 96,000 for the expansion of facilities for the training of women teachers implies an ultimate commitment of Rs. 1,66,000; and large subsidies are made for building and equipment grants to schools under local bodies and private management. A proposed increase in the boarding grants for Indian orphanages will cost over 2 lakhs a year. (Mr. C. V. Venkataramana Ayyangar: Hear, hear.)

"Among numerous other minor items, perhaps the most interesting is the opening of a School of Fine Arts in Madras. (Mr. Satyamurti: Hear, hear.) It is to be hoped that the final epigram on this Government venture in the promotion of the æsthetic sense will not be

'He who bends to himself a joy
Doth the winged life destroy.'

"9. In three departments, viz., POLICE, AGRICULTURE and CO-OPERATIVE CREDIT, provision is made for important schemes of

reorganization to which I shall now refer. It has for some time been evident that the administrative arrangements and the strength of the police force in Madras City have not been adequate to the task imposed upon them (cries of 'Oh'). It is not merely that new problems such as that of traffic control have to be faced. The inadequacy of its establishment is subjecting all sections of the force, including the rank and file, to a constant burden of over-work and long hours which it is fair to exact only under exceptional circumstances. Further an administrative framework which was possibly sufficient under conditions as they existed twenty years ago is no longer adequate to deal with modern requirements and the altered circumstances of a cosmopolitan city. The principal object underlying the reorganization is that each of the main branches of crime, traffic, and law and order should be under the immediate control of a Deputy Commissioner with jurisdiction over the whole city and directly responsible to the Commissioner. The Government have not seen their way to accept in their entirety the proposals of the Commissioner, but they trust that the new arrangement will simplify his task, promote efficiency and contentment, and relax the constant and excessive physical strain to which the men are now subjected. In the Agricultural department, as a result of the report of the Royal Commission, the whole position in this Presidency has been carefully examined by the Director and proposals put forward for the systematic development in strict accordance with the main recommendations of the Commission. The proposals incorporated in the Budget are the first and most urgent instalment of carefully formulated plans for the future expansion of the department. Similarly in the Co-operative department, the rapid expansion of its activities, the great financial interests at stake, and indications that further progress was beset by latent dangers and undesirable tendencies compelled the Government nearly two years ago to take the whole question of the future of the department under its consideration. As a result a strong committee known as the Townsend Committee, to which the Government is deeply indebted for their labours, was constituted. The need for more careful and intensive supervision was clearly established and provision has been made for what is immediately necessary. I would specially refer to the proposed appointment of Deputy and Assistant Registrars in connexion with the formation of a Central Land Mortgage bank at a cost of Rs. 42,360.

"10. If I make special reference to these three administrative problems it is because it is not infrequently urged against Government that they have no policy. So far as my experience goes, that is not a fair charge; and while my Honourable Colleagues do not unnecessarily indulge in the pastime of pulling things up by the

root to see how they grow, they are not slow, when necessity arises, to adapt existing arrangements to new conditions. As other examples of activities in this respect, I might refer to the Committees which have been examining the organization of the Fisheries department and the provision of facilities for physical training. I have no doubt that their deliberations also will assist Government in determining policy.

"With the assistance of the Legislative Council, we have recently sought a solution of the vexed problem of the Andhra University, and with a solution in sight, perhaps I may here be permitted to say that, when the time comes, we are prepared to extend to the Andhra University the same measure of financial assistance as has been accorded to her younger sister at Chidambaram. (Mr. Satyamurti: 'Hear, hear'). Other difficult problems in the educational field remain, notably that of elementary education which I know is now engaging the attention of my Hon'ble Colleague the Chief Minister a problem to which, when a settlement of the main immediate issues connected with university education is reached, he will be able to give that attention which it deserves."

"11. A reference may now be permitted to the principal BUILDING SCHEMES which are contemplated in the budget: and here I may say that in view of past experience the sums provided in the coming year have been rigorously reduced to what in our opinion the Public Works Department ought with no difficulty to be able to spend in disregard where necessary of its own more optimistic suggestions. The more important schemes to which separate reference has not yet been made are the following:—

"A combined courthouse for the Sub-Judge and two District Munsifs at Masulipatam will cost Rs. 1,28,000. Much needed extensions to the Government Museum, Madras, will cost Rs. 1,13,000. A new building for the office of the Director of Public Instruction will eventually cost something over 5 lakhs, the main portion of the existing building has had to be condemned and until it is replaced I am afraid that that important office will have to function under considerable difficulties. Additional buildings to the Brennen College at Tellicherry will cost over a lakh and buildings for the Government Muhammadan College, Madras, will cost approximately Rs. 2¾ lakhs. Under General Administration a combined Taluk and Stationary Sub-Magistrate's office at Conjeeveram will cost over a lakh of rupees, hostel and other improvements at the Madras Veterinary College will cost Rupees 1,45,000, and the important civil works for the Police department include the housing of the armed reserves at Salem, Madura and St. Thomas Mount at a cost of about Rs. 4¾ lakhs and much-needed improvements to the housing of the Malabar Special Police."

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"12. The total amount provided for in Part II of the Budget is Rs. 117·13 lakhs, of which Rs. 31·11 lakhs represents recurring expenditure with an ultimate commitment of Rs. 46·66 lakhs and Rs. 86·02 lakhs non-recurring for schemes which will require Rs. 165·55 lakhs in all. The anticipated expenditure for the year 1929-1930 thus amounts to Rs. 1,843·23 lakhs or Rs. 36·14 lakhs in excess of the anticipated revenue. This amount will of course be met from the opening balance.

CAPITAL AND DEBT HEADS.

Cauvery-Mettur Project.

"13. Turning to our transactions under Capital and Debt heads, I would first call attention to the fact that the Cauvery-Mettur project now forms the subject of a separate self-contained grant details of which are shown in an appendix to the Civil Budget Estimates. The position in regard to that project is as follows:—The total expenditure up to the end of the last financial year amounted to Rs. 144·48 lakhs and requirements of the current year are estimated at Rs. 110·81 lakhs, while our total borrowings for the project have amounted to Rs. 269·95 lakhs, thus leaving a small balance of Rs. 14·66 lakhs. Requirements for the year 1929-1930 are calculated at Rs. 110·66 lakhs. It is proposed therefore to borrow on this account a sum of Rs. 96 lakhs from the Government of India bringing the total sum available up to Rs. 110·66 lakhs. As stated on previous occasions we are for the present paying only simple interest on our borrowings and repayment of the principal sum will not commence until the project begins to produce revenue.

Other Capital Expenditure.

"Apart from the Cauvery-Mettur project, existing commitments and the normal provision for advances to cultivators will require a sum of Rs. 60·49 lakhs, while new commitments to be met from loans and placed in Class II by the Finance Committee will require the disbursement of a sum of Rs. 14·13 lakhs. Our total requirements, therefore, for purposes other than the Mettur project amount to Rs. 74·62 lakhs, a sum which it is proposed to finance as follows:—The unutilized balance of previous loans will provide Rs. 1·69 lakhs, recoveries of loans and advances by the Provincial Government are estimated at Rs. 37·97 lakhs and this will leave a sum of Rs. 34·96 lakhs to be met either by fresh borrowings or by drawing on our revenue balances. It has been decided to adopt the latter course on obvious financial considerations. Instead of depositing this

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amount with the Government of India at 4 per cent we shall be utilizing it for avoidance of debt on which we should have to pay 5 per cent.

"Our total requirements for the year will therefore, be Rs. 185·28 lakhs which will be financed as follows:— advances from the Government of India for the Mettur project Rs. 96 lakhs, opening balance and recoveries Rs. 54·32 lakhs and Rs. 34·96 lakhs from revenue balances. The main purposes apart from the Mettur project (Rs. 110·66 lakhs) for which this capital expenditure will be provided are—

	RS. LAKHS.
Other irrigation and connected works	2·04
Hydro-electric undertakings	3·90
Industrial undertakings	2·08
Loans to the Presidency Corporation	8·00
Loans to district boards, local fund committees and mufassal municipalities	22·47
Advances to cultivators	22·88
State aid to industries and miscellaneous	14·19

General Financial Position.

FINANCIAL POSITION.

"14. With reference to these proposals the financial position if no other adjustments were made would be as follows:—With a revenue for the year of Rs. 1,807·09 lakhs our expenditure against the revenue account would be Rs. 1,843·23 lakhs or an excess over revenue of Rs. 36·14 lakhs. That would be met from the opening balance of Rs. 185·04 lakhs which would be further reduced by the sum of Rs. 34·96 lakhs to be utilized for capital expenditure, giving a net closing balance of Rs. 113·94 lakhs. Our budget proposals are therefore well within our resources. We can not only pay our way during the year but have quite a handsome balance at our bankers. (Hear, hear.)

NEED FOR INCREASE IN RECURRING REVENUE.

"15. The position is however not so simple as it looks, and 12-15 p.m.
there are three factors which we have had to take into consideration. In the first place, these balances are the result of the very welcome but unequally distributed remissions of the provincial contributions which had no relation to the rate at which an organized administration can expand year by year. Secondly an expenditure of Rs. 36 lakhs in excess of revenue must at once raise the question as to whether it could be maintained on that scale in future years. In this connexion it has further to be remembered that when new

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items of recurring expenditure are introduced the total commitment is not limited to that for which provision is made in the first year. As already stated new recurring items incorporated in the budget of 1929–30 imply a total commitment of Rs. 46·66 lakhs or Rs. 15·55 lakhs in excess of the provision for that year, and in some cases these items are themselves merely first instalments of more comprehensive schemes. Thirdly so far as recurring expenditure is concerned, that is to say, Rs. 1,635 lakhs out of a total of Rs. 1,843·23 lakhs, the budgets of 1930–1931 and succeeding years will automatically expand and against such expansion the only provision in sight is the normal but slow growth of our revenues. Should that be inadequate then clearly adjustments will have to be made between recurring expenditure and that which is conveniently classed as non-recurring, and as a corollary a readjustment of the resources available. We must of course be careful not to stress the distinction between recurring and non-recurring expenditure unduly. It is perfectly true that when a building or irrigation work or road is completed we are under no commitment to build another irrigation work, or building, or road. That is to say, non-recurring expenditure does admit of retrenchment. But it is not accurate to assume that once completed such structures involve no further recurring liability. The average cost of maintenance of irrigation works is about $3\frac{1}{2}$ per cent of the capital cost, of buildings $1\frac{1}{3}$ per cent, and of roads considerably larger, though varying with the volume and nature of the traffic and the standard of maintenance, which that demands. A rough average is 3 per cent of the capital cost. Further, some provision has to be made every year to make good losses. The total value of buildings new borne on the books of the Public Works Department is Rs. 818 lakhs, and every year some of these buildings have to be replaced. Some fall down, some are condemned as unsafe, and others have to be scrapped either because they become inadequate or insanitary or because the cost of maintenance exceeds the economic limit. Subject to these provisos the distinction between recurring and non-recurring expenditure is for practical purposes sufficiently clear. But administratively they are closely related. A new college or university requires not only staff but buildings. New hospitals or dispensaries require not merely doctors and nurses, but operation theatres, wards, isolation sheds, etc., and so on throughout the administration down to a petty village school or village panchayat. In fact these two classes of expenditure while distinct are by no means independent and involve the maintenance of some equitable balance between them both in expenditure and in resources. From causes to which I have referred that balance has, it is clear, been upset. Owing to the fact that we have on hand an unusual number of large

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works, such as the General Hospital, the remodelling of the Penitentiary and works required for the Cauvery delta as a result of the 1924 floods, our budget provision under the Public Works heads is considerably in excess of that normal figure to which it will in due course return. Further at the close of the year we should have in the shape of balances over Rs. 4 crores available for non-recurring expenditure, a sum much in excess of any special requirements that can be anticipated or of what our already over-strained Public Works organization can be expected to utilize. It is therefore for recurring expenditure that the need of additional funds will be felt in the immediate future and the problem is to reconvert part of our swollen balances into recurring revenue. The only way in which this can be done is by the reduction of debt.

REPAYMENT OF LOAN FROM BALANCES.

"16. Here I would call attention to the manner in which our debt has grown since 1920-21 as a result of our borrowings for purposes other than the Cauvery-Mettur project. On the 1st April 1921 our debt amounted to Rs. 985·12 lakhs and on the same date this year the balance outstanding will be Rs. 1,434·82 lakhs. In the same period our debt charges have mounted up from Rs. 43·72 lakhs to Rs. 114·67 lakhs or an increase of Rs. 70·95 lakhs. It may be noted too that during the early years of the reforms we borrowed a sum of no less than Rs. 134·34 lakhs to cover revenue deficits and ordinary civil works expenditure which ought properly to have been met from revenue. Any reduction in our debt services is equivalent to an addition to the resources from which we can meet recurring revenue expenditure and we have decided with the consent of the Government of India to repay on the 1st April 1929 the outstanding balances of the loans taken in 1926-27 to 1928-29 amounting to Rs. 212·11 lakhs. (Hear, hear.) The effect of this on the budget of 1929-30 will be to reduce our debt charges for the year by a sum of Rs. 21·62 lakhs under principal and interest combined. In the result our total expenditure on the revenue account will be Rs. 1,821·61 lakhs or Rs. 14·52 lakhs in excess of the revenue instead of Rs. 36·14 lakhs; while our revenue balances will at the close of the year stand at Rs. 223·45 lakhs. That sum is ample to enable us to deal with the question of the Andhra University on the lines which have been suggested, to protect us against emergencies such as the 1924 floods interfering in any way with normal administrative activities, and to enable us to complete other large and exceptional schemes such as the General Hospital without embarrassment. Opportunity will, of course, be taken to place as much of this balance as is possible under the

rules on deposit with the Government of India. The releasing of this sum of over Rs. 20 lakhs a year is a very considerable and necessary step towards restoring that equilibrium between the resources available for recurring and non-recurring expenditure to which I have referred.

Conclusion.

" 17. In the budget speech of March 1927 an anticipation was made that the remission of the balance of the provincial contribution would enable us to finance all reasonable demands of departments for three years and, had it not been for the lag of expenditure, that estimate would have proved to be fairly accurate. So far as can now be seen, we shall be able to do so for another year at any rate without any question of additional taxation being raised. Thereafter we shall have to depend on the normal growth of our revenues. In other respects too, the position is not unfavourable. The Famine Relief Fund will on the 31st March 1930 amount to Rs. 44·51 lakhs while our average annual expenditure on relief in 1920–21 to 1927–28 has been Rs. 1·33 lakhs though in one year 1921–22 it was no less than Rs. 10·67 lakhs. Land revenue remissions in the same series of years amounted to approximately Rs. 120 lakhs or an average of Rs. 15 lakhs a year, the maximum being Rs. 24 lakhs in 1923–24. We have, therefore, on the whole fared not badly though it would be unwise to assume that these figures represent the maxima of future vicissitudes. But we are, as I have stated, safeguarded against them for the present and I can confidently recommend this budget with the expenditure which it proposes as being financially one which the Legislative Council would be justified in adopting. Let me admit that, in so far as it rests with a Finance Member to promote or provide for administrative developments, I have been fortunate to an extent which was denied to my predecessors. And yet in placing before the House a budget which again provides for a considerable measure of progress my mind dwells rather on the immensity of the needs which have yet to be met (hear, hear), on the growing intensity of the demand that they should be met, and on the inadequacy of our resources to meet them. If within those limited resources much has been accomplished that is due largely to the ceaseless vigilance of the Secretary (hear, hear), the Deputy Secretary and their staff who have stressed the need of economy even when temporary affluence might have suggested some respite from that thankless task. (Hear, hear.) The budget itself this year has been prepared in a season of exceptional pressure and I would be ungrateful if I did not acknowledge the accuracy and care with which it has been framed and the unstinted help I have received

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from all concerned. My debt to Mr. Watson and the Assistant Secretary Mr. Srinivasa Raghavan is indeed great. May I also pay my tribute to the members of the Finance Committee who most zealously discharged the duties entrusted to them by this Council.

"Mr. President, I now present the budget for the year 1929–30."

III

PROGRAMME OF BUDGET DISCUSSION.

* The hon. the PRESIDENT :—" The general discussions on the budget will commence on the 28th February. During those discussions, I propose to prescribe a time-limit of 20 minutes for Leaders of Parties and ten minutes for other hon. members. I would suggest that the reading of manuscript speeches should be quite exceptional. The afternoon of Saturday the 2nd of March will be at the disposal of the hon. Members of the Government to make their replies. After the conclusion of their replies, the Council will adjourn till Monday the 11th March which will be an official day. The voting of grants will commence on Tuesday the 12th March."

IV

PAPERS LAID ON THE TABLE OF THE HOUSE.

1. G.O. (a) No. 76, Development, dated 11th January 1929, recording the audit report and accounts of the Russellkonda Saw Mill for the quarter ending 30th June 1928.

2. List (b) of posts on Rs. 500 per mensem and above created during the quarter ending December 1928.

3. Proceedings (c) of the eighth meeting of the Finance Committee held on the 31st January 1929.

The House then adjourned to re-assemble at 11 a.m. on 28th February 1929.

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council

(a) Printed separately. (b) Vide Appendix VIII at pages 173-181 infra.
(c) Printed separately.